

# Kevin Stitt and Stitt Family Separation Plan

- 1) **Gateway Mortgage Group, LLC (“Gateway”) Operating Agreement amendments and ownership organizational changes:**
  - a) Kevin Stitt’s counsel drafted proposed amendments to Gateway’s operating agreement that reflect Kevin’s removal from Gateway’s governance structure, and such amendments have been reviewed and approved by Gateway and Gateway’s transactional counsel and have been implemented
  - b) Kevin Stitt has resigned as Manager of Gateway and Stephen Curry has been appointed as Manager and CEO
  - c) James Redman has been designated as successor Trustee for the Stitt Family Trusts and established a family office for Stitt investments. Redman will be officially appointed following approval from appropriate agencies
  - d) McCrary Lowe, of Gibraltar Capital Management, in his individual capacity, has been appointed to serve as Trust Protector of the Stitt Family Trusts
- 2) **Gateway’s acquisition of Farmers Exchange Bank (“FEB”) through the merger of FEB into Gateway, with Gateway surviving (“Bank Merger”), to form Gateway First Bank**
  - a) Applications seeking approval of the Bank Merger and a bank charter for Gateway to facilitate the Bank Merger are currently pending with the Federal Deposit Insurance Corporation (“FDIC”) (Bank Merger application only) and Oklahoma State Banking Department (“OSBD”) (Bank Merger application and new charter application). These two applications are collectively referred to herein as the “Applications”. The Applications include the submission for approval of Gateway’s Acquisition Business Plan and a request to designate Gateway’s current headquarters in Jenks, Oklahoma, as the principal office of Gateway First Bank after consummation of the Bank Merger. As stated above, Gateway will be the surviving entity in the Bank Merger, becoming Gateway First Bank, and will succeed to the deposit insurance of FEB
  - b) James Redman has been designated as a Director of Gateway First Bank in the Applications. Kevin Stitt will have no role in the governance structure of Gateway First Bank post-Bank Merger
- 3) **Corporate Transition**
  - a) *New Board*
    - i) Gateway convened an unofficial, pre-bank merger Gateway First Bank board meeting on December 19, 2019 to preview the new governance and management structure to be implemented once the Bank Merger is consummated and review this separation plan which included the fact that Kevin Stitt will not be involved in the governance structure in any manner
    - ii) Each Director went through an exhaustive business and financial background investigation and approval process with the FDIC and the State of Oklahoma

iii) Outside Directors of Gateway First Bank are as follows:

**Don Powell**

- Mr. Powell served as Federal Coordinator of Gulf Coast Rebuilding, developing long-term rebuilding plans for the region in the aftermath of Hurricanes Katrina, Rita and Wilma
- Mr. Powell served as FDIC Chairman from 2001-2005
- Previous roles: Chairman, President and CEO of The First National Bank of Amarillo; Director at Bank of America and Quantum Energy
- In December 2008, Mr. Powell was awarded the Presidential Citizens Medal, the second-highest honor a U.S. citizen can receive
- Board Memberships: Stone Energy, Dallas Capital Bank, Board of Regents of the Texas A&M University System, George Bush School of Government and Public Service

**Cliff Skelton**

- Mr. Skelton is President of Output Solutions at Fiserv, Inc.
- Mr. Skelton previously served as the CIO and EVP of Fiserv, Inc.
- Previous Roles: Global Chief Technology and Operations Officer at Ally Financial Corporation, senior executive with Bank of America, chief integration officer for Bank of America (led the merger-integration for the Fleet Bank Boston, MBNA Corporation and US Trust Corporation acquisitions)

**Suzanne Brennan**

- Ms. Brennan served as a director of Guaranty Bancorp (CO) (acquired by Independent Bank Group, Inc December 31, 2018)
- In 2016 Ms. Brennan retired as Chief Risk Officer of Pacific Western Bank. Ms. Brennan served in varying executive operations roles for Pacific Western Bank since 2011
- Ms. Brennan has had numerous executive positions in the areas of risk and operations for Guaranty Bank and Trust, US Bank and Western Bancorp

**James Redman**

- Mr. Redman is Principal and Founder of Gibraltar Capital Management, a multi-family office founded to serve the needs of high net worth individuals and assist entrepreneurs
- Prior to founding Gibraltar, Mr. Redman served as the Vice President – PETRA at IHS Market from June 2006 to June 2007 (successfully planned and executed a transition plan following the sale of a software company to IHS)
- Previous roles: VP of Operations and Chief Financial Officer of geoPLUS Corporation, Portfolio Manager at Arvest Bank

b) *Authorities as Corporate Officer*

- i) Kevin Stitt has been removed as Manager/Officer and as signatory on Gateway bank accounts, loans, agency/regulatory/investor records, NMLS, office leases, and other Gateway-related operation and corporate documents

c) *Human Resources*

- i) Kevin Stitt has resigned from all positions at Gateway, and all Gateway-titled vehicles used by Kevin Stitt have been transferred to Kevin
- ii) Kevin Stitt's Healthcare Benefits and Life Insurance Policy were terminated, and Kevin ceased receiving paychecks from Gateway on December 31, 2018

d) *Information Technology – Stitt Family*

- i) All Gateway-owned equipment (phones, laptops, PCs) currently used by Kevin Stitt or Stitt family members have been replaced by personally owned equipment
- ii) Kevin Stitt replaced his Gateway mobile phone number with new personal number, with calls from the old number forwarded to the new number 45 days; as part of this transition, Kevin recorded a voicemail message on his old phone with the new number
- iii) All of Kevin Stitt's contacts, text messages and non-corporate application data from his old phone have been transferred to his new phone, and his old phone has been wiped clean
- iv) Gateway assigned a new phone number at Kevin's old Gateway office desk, and routed Kevin's current desk phone number to ring only at an Administrative Assistant's desk with new voice mail message; this rerouting will be terminated on January 14, 2019
- v) All of Kevin Stitt's user IDs on all Gateway systems have been terminated and his access to corporate email has been eliminated; Gateway implemented notices to email senders informing them of Kevin's transition to Governor
- vi) Gateway isolated and archived all of Kevin Stitt's company-related data on a shared drive. Kevin's personal data was placed on secure drive for transfer to him by January 14, 2019
- vii) A high security IT system (e.g., commercial grade Wi-Fi, commercial broadband, full device encryption and firewalls) will be installed at the Stitt residence by the family office
- viii) All IT equipment and services for Kevin Stitt or the Stitt family will be handled through the family office – Gateway was no longer involved as of December 31, 2018

e) *Other*

- i) Gateway's insurance through a captive insurance entity was terminated effective as of December 31, 2018
- ii) Kevin Stitt will have access to his current office at Gateway through May 31, 2019, but will not engage in any Gateway-related business when using the office

- f) Stitt Campaign Team
  - i) All remaining Gateway IT support, user IDs and facilities access will terminate on January 13, 2019

4) **Additional Stitt related business interests**

- a) Geoff Long and Chris Wilson are overseeing changes to the applicable Stitt entities' Manager, Director and Officer positions, to the extent necessary
- b) James Redman, McCrary Lowe and Chris Wilson are overseeing completion of the Stitt Family Trust funding changes by December 31, 2018 (titling, assignment, etc.)
- c) An Investment Policy Statement was being developed for all Kevin Stitt's marketable securities, the scope of which will address personal and bank investments
- d) A schedule of all assets owned by the Stitt Family Trusts has been completed

5) **Gateway, Regulation and the Governor**

- a) *Banking Regulatory Environment*
  - i) The regulatory environment for banking is highly structured. Since its establishment in 1863 and 1864, the national banking system, operating under uniform federal standards across state lines, has fostered an open financial marketplace, with nationally established sound operating practices. At the core of the national banking system is the principle that banks should be subject to uniform national standards and uniform federal supervision. Banking supervision in the U.S. became even more centrally driven in the 1930s, with state banking ("State") authority eroding significantly. Centralization took another step in 1979 with the creation of the Federal Financial Institutions Examination Council, which created uniform bank examination standards. All bank examinations, even the states' departments of banking, follow the same strict regimen. State examination reports are sent to the federal regulators for review, and review practices have been standardized among the states. Up until the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), the states were the primary enforcement authority of consumer protection laws outside of banking, but even that changed with the creation of the Consumer Financial Protection Bureau ("CFPB"), whereby significant oversight authority was shifted away from states to the CFPB.
  - ii) At the federal level, banking regulators include the FDIC, Office of Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("Federal Reserve"), and CFPB. All state banks are also regulated by the FDIC or Federal Reserve (depending on whether they are Federal Reserve member banks), national banks are regulated by the OCC, and the Federal Reserve provides oversight of bank holding companies. The CFPB enforces federal consumer financial laws and provides consumer protection.
  - iii) Oversight and examination of state-chartered banks is switched exam-to-exam, with the State leading an examination one year, and the federal regulator (FDIC or Federal

Reserve) leading the exam the next. For larger institutions, both the State and the FDIC or Federal Reserve will be represented during an exam.

b) *Understanding the Independence of the Oklahoma State Banking Department*

i) Banking Board

- (1) The Oklahoma Banking Board is comprised of six voting members. The Banking Commissioner is a non-voting seventh member
- (2) The Governor's appointments must be from a list of 12 names submitted to the Governor by the Oklahoma Bankers Association (Title 6 Okla. Stat. § 202)
- (3) Governor Stitt's first appointment opportunity for the Banking Board will not occur until June 2019
- (4) Governor Stitt will be able to appoint only three voting members during his first term (assuming no resignations/changes)
- (5) Appointments to this position are made with the consent of the Oklahoma Senate

ii) Commissioner

- (1) The Commissioner's term of four years is set by Oklahoma State Constitution (Article 14)
- (2) The Commissioner's current term extends until September 2020
- (3) The Commissioner is a non-voting member of the Oklahoma Banking Board
- (4) Commissioner Thompson has been appointed by four Governors: Walters (1992), Keating (1996, 2000), Henry (2004, 2008), and Fallin (2012, 2016)
- (5) The Commissioner's salary is determined by State statute and set by the Oklahoma Banking Board within limits set by the Oklahoma Office of Management and Executive Services
- (6) Examiners are managed by the Commissioner

c) Checks and Balances to Prevent Conflicts of Interest

i) Applications for Bank Charter, Merger, Branches, etc.

- (1) Applications must be approved by the Oklahoma Banking Board and the FDIC, in the case of the Bank Merger

ii) Supervision of State-Chartered Banks

- (1) Supervision is shared with federal regulators: FDIC, Federal Reserve, and CFPB
- (2) Examinations of a state-chartered bank like Gateway First Bank is conducted by both the OSBD and the FDIC
- (3) Examinations of a bank's holding company is conducted by the Federal Reserve
- (4) Consumer protection examinations are based on federal law and are conducted primarily by the FDIC, and the CFPB can join the examination if it so elects
- (5) The FDIC and the Federal Reserve have comprehensive regulation and oversight of insider and affiliate transaction in order to prevent conflicts of interest (found in Regulation O and Regulation W)

**6) How does this apply to Gateway?**

- a) The examination of Gateway recently completed in connection with the Change of Control application to the FDIC was conducted jointly by the OSBD and FDIC, and led by the FDIC
- b) The first examination of Gateway First Bank will be led by the FDIC in the first year following the closing of the Bank Merger, and every year thereafter due to an arrangement between the OSBD and the FDIC. All examinations of Gateway First Bank conducted while Kevin Stitt is the Governor of Oklahoma will be led by the FDIC. This is noted in the minutes of the December 2018 Banking Board meeting.

**7) Advantages of becoming a bank**

- a) Independent mortgage companies, like Gateway, are limited to marketing and delivering the products they can self-fund due to balance sheet differences between a private mortgage company and a bank. Funding costs are high for private mortgage companies, so few products other than mortgages are offered.

**8) Why this is good for Oklahoma?**

- a) The transition of Gateway into Gateway First Bank is expected to result in an additional \$200 million of capital into the state banking system
- b) Nearly \$6 billion of additional mortgages nationwide are expected to be funded through the banking system in Oklahoma, instead of other states
- c) New banking products and services will be made available to Gateway customers
- d) This will create the largest new bank in Oklahoma in decades, and the 14<sup>th</sup> largest commercial mortgage bank in the U.S.
- e) Gateway First Bank will invest heavily in technology and bring new technology capabilities to customers in Oklahoma and surrounding states
- f) Gateway First Bank will bring hundreds of new jobs to the Tulsa area, and continue to expand in Oklahoma

**9) Gateway First Bank independence and regulatory oversight**

- a) Gateway First Bank will be governed by a five-member board with four independent outside directors. Three of these outside directors have substantial banking experience and are not residents of Oklahoma. All outside directors have impeccable credentials. All matters involving Kevin Stitt's Gateway investments will be fully administered by an independent trustee James Redman; Gateway First Bank will be governed by the Board of Directors and managed by the Chief Executive Officer of Gateway.
- b) The FDIC will lead all regulatory examinations of Gateway while Kevin Stitt is Governor; this was discussed and approved by the Oklahoma Banking Board at its December 2018 meeting, with record of this decision in the minutes of that meeting
- c) The Governor will not discuss any aspect of Gateway with the Commissioner or the Oklahoma Banking Board

**10) Logistics and timing of removal of Kevin Stitt as trustee of Stitt Family Trusts**

- a) Gateway is currently licensed as a mortgage broker, lender and/or servicer in 41 states and the District of Columbia. Additionally, Gateway is approved with various federal agencies including Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, The US Department of Housing Development-Federal Housing Administration, Department of Veterans Affairs and US Department of Agriculture Rural Development.
- b) Fundamental to maintaining Gateway's regulatory approvals, which are essential to its continued operation, is the identification and vetting of Gateway's ownership and any individual(s) who have the power to vote, 10% or more, of a class of voting security. In the event there is a change to the company's ownership and voting control, Gateway is required to provide advance notice and necessary information to update its record. Notification and approval requirements vary among state and federal regulators; however, the most restrictive agency guidelines from those agencies listed above require at least 60 days' advance notice and full regulatory approval of the reported change.
- c) Currently, Kevin Stitt and Sarah Stitt serve of as Trustees with power to vote 100% of Gateway's ownership comprised of the Stitt Family Trusts. As outlined above, it is proposed that James Redman will replace Kevin Stitt and Sarah Stitt as Trustees; however, as noted above Gateway is required to provide proper notification to the relevant federal and state agencies to ensure Gateway's licenses and approvals remain active and in good standing. Failure to do so could result in a material disruption in Gateway's operations. As a result, it is necessary for Kevin and Sarah Stitt to remain as Trustees until Gateway can secure approval from state and federal agencies of James Redman's appointment as successor Trustee of the Stitt Family Trusts. Gateway understands the urgency to remove Kevin and Sarah Stitt as Trustees, and will work diligently to accomplish this objective, but the required approvals may not be issued until a few weeks after his inauguration as Governor. This should be fully implemented by March 2019. Neither Kevin nor Sarah will have any communication with the Banking Commissioner or FDIC regarding Gateway while their removal as Trustees is pending, will not be involved in Gateway's day-to-day operations, and Kevin and Sarah will resign as Trustees immediately upon receipt of such approvals, which are expected no later than February 2019.